

JORGE CASTRO'S ILLEGAL CAMPAIGN CONTRIBUTIONS, AND WHY THEY WERE NEVER PROSECUTED

INTRODUCTION

In the course of the Committee's investigation, we learned of another source of foreign money – South America. The Committee learned that the New York District Attorney's Office conducted an investigation into the banking activities of the Castro family of Venezuela, and had uncovered evidence of illegal campaign activities by that family. The District Attorney's Office turned this investigation over to the Justice Department, which failed to pursue any charges against the key individuals involved. The Committee followed up on the New York District Attorney's investigation, and brought to light the facts of the Castro case.

I. THE KEY PLAYERS

A. Orlando Castro Llanes

Born in Cuba, Castro Llanes was head of a wing of that nation's communist party until fleeing the island in 1959 following an alleged dispute with Fidel Castro.¹ After landing in Haiti, Castro Llanes went to Miami, and in 1961 or 1962, depending on the account, arrived in Caracas, Venezuela with just \$150 in his pocket.² By the 1980s, Castro Llanes had become an influential businessman in Venezuela, earning a fortune in the insurance business. He began aggressively expanding his financial empire, becoming active in banking, real estate, finance companies, radio stations and newspapers.³ Ultimately, his Grupo Impresas Latinamericanos included among its holdings, the Banco Progreso in Venezuela, the Banco Progreso de Internacional de Puerto Rico, and the Banco Latinamericano in the Dominican Republic.⁴

In March of 1991, following allegations of money laundering, U.S. Customs inspectors ordered the Banco Progreso accounts at New York's Bank America International frozen, along with those of a number of other banks.⁵ Castro Llanes turned to his long-time legal advisor and business associate, Charles Intriago, for assistance. Mr. Intriago had known Castro Llanes for over a decade, and had acted as his principal legal advisor on matters related to the United States. In fact, they were so close that Castro Llanes provided \$80,000 in start-up capital for Intriago's *Money Laundering Alert* newsletter.⁶ In addition, Castro Llanes was reportedly seeking to have Intriago appointed

¹ Ramon Maceiras, *Orlando Castro: La Historia Apasionante de un Coloso de las Finanzas Venezolanas*, (1991) at 49-65.

² *Id.* at 10.

³ *See generally id.*

⁴ *Id.*

⁵ Peter Truell, "Too Close for Comfort?; Inquiry Touches Money Laundering Expert's Backer," *New York Times*, April 4, 1996, at D1.

⁶ *Id.*

U.S. ambassador to Venezuela.⁷ Intriago also organized a defense team for the Banco Progreso matter which ultimately convinced U.S. Customs to release the accounts.⁸

In 1994, following the collapse of the Venezuelan banking system, Castro fled to the United States and settled in Miami. Venezuelan banking regulators seized Banco Progreso that December. Castro was later charged in absentia with bank fraud, embezzlement, and conspiracy by the Venezuelan government.⁹

On April 4, 1996, Castro Llanes was indicted in New York along with his son and grandson on charges of a scheme to defraud in the first degree. He was convicted on grand larceny charges on February 19, 1997, and in April of that year sentenced to a term of one to three years in prison. The larceny involved defrauding depositors of the Banco Progreso International de Puerto Rico of as much as \$55 million. His crime also cost the government of Venezuela more than \$8 million.

B. Orlando Castro Castro

The U.S.-educated son of Castro Llanes, and uncle of Jorge Castro Barredo, Orlando Castro Castro was president of the Banco Progreso in Caracas, Venezuela. He was convicted along with his father and nephew by the Manhattan District Attorney on charges of bank fraud involving the theft of millions of dollars from a Puerto Rican bank the family controlled. He was sentenced to a term of two and one-third to seven years in prison.¹⁰

C. Jorge Castro Barredo

The grandson of Castro Llanes, Castro Barredo worked in his grandfather's banking empire as president of the Banco Latinamericano in the Dominican Republic. In 1992, Castro Barredo made \$25,000 in illegal foreign conduit contributions to the Democratic Party. According to his sworn testimony, these contributions were made at the direction of family lawyer and DNC Trustee Charles Intriago. Bank documents show that the contributions were reimbursed shortly thereafter by a Venezuelan firm owned by his grandfather.¹¹ Castro Barredo was also charged in the Banco Progreso fraud case.¹²

The bank fraud case was precipitated when an insurance company controlled by the Castro family overdrew its account at their Dominican Bank, and local banking authorities required the institution to increase its deposits by \$3 million. Castro Barredo improperly withdrew \$3.26 million from the family's Puerto Rican bank and deposited it in the Dominican Republic institution, using a portion of the money to purchase a yacht.¹³

⁷ Interview of James Kindler and Joseph Dawson, December 26, 1997 ("Kindler-Dawson Interview").

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

Castro Barredo provided testimony to representatives of the Justice Department concerning his knowledge of illegal foreign conduit campaign contributions and his testimony was corroborated independently by documentary evidence obtained by the New York District Attorney's office.¹⁴

Notwithstanding documentary and testimonial evidence, the Justice Department chose not to bring any charges related to the Castro conduit contributions.¹⁵ On February 19, 1997, Castro Barredo was convicted on the unrelated bank fraud and larceny charges. On December 15, 1997, he was sentenced to a term of three and one half to ten and one half years in prison.¹⁶

D. Maria Sire Castro

Maria Castro is the aunt of Castro Barredo, and the wife of Rafael Castro, another one of Castro Llanes's sons. She made a \$20,000 illegal foreign conduit campaign contribution to the DNC, and a \$5,000 illegal conduit contribution to the Maryland State Democratic Party in 1992.¹⁷

E. Charles Intriago

The relationship between Castro Llanes and Intriago goes back nearly two decades. After first meeting in 1980, Castro Llanes soon became one of Intriago's clients.¹⁸ Jorge Castro Barredo testified about his social ties with Intriago, making reference to their attending Florida Marlins baseball games together.¹⁹ Castro Barredo also told Committee investigators that Intriago was paid a monthly retainer by Castro Llanes of \$20,000 to \$25,000 per month and acted as his legal advisor on all matters related to the United States. He further stated that on one occasion, during the Venezuelan banking crisis of 1994, he was instructed to pay Intriago \$100,000 by either Castro Llanes or his associate Luzmenia Briceno.²⁰ In 1989, with the help of an \$80,000 investment from Castro Llanes in exchange for a 15 percent interest in the venture, Intriago founded the *Money Laundering Alert* newsletter.

After getting caught up in a bitterly contested hostile takeover fight for control of the Banco de Venezuela in 1990, Castro Llanes turned to Intriago for help. He soon faced another potentially critical problem and again turned to Intriago. In March of 1991, U.S. Customs officials, suspicious of transactions taking place in accounts held by a number of Venezuelan banks in New York, moved to freeze the funds held by those banks. Banco Progreso's account at the Bank America International was among those affected. Intriago

¹⁴ Venezuelan Money and the Presidential Election, Hearing, Committee on Government Reform and Oversight, April 30, 1998 ("Castro Hearing") at 77-78 (Testimony of Joseph J. Dawson).

¹⁵ See Letter from Lee J. Radek to Richard T. Preiss, October 17, 1997 (Exhibit 1).

¹⁶ Castro Hearing at 9 (Testimony of Jorge Castro Barredo).

¹⁷ *Id.* at 10, 14 (Testimony of Jorge Castro Barredo).

¹⁸ Interview of Jorge Castro Barredo, January 19, 1998 ("Castro Interview I").

¹⁹ Castro Hearing at 39 (Testimony of Jorge Castro Barredo).

²⁰ Castro Interview I.

put together what Jorge Castro Barredo described as a “Dream Team”²¹ of attorneys and political operatives to obtain release of the funds and was ultimately successful.²²

After being subpoenaed to appear before an executive session of this Committee, Intriago declined to answer questions, invoking the Fifth Amendment to virtually all questions posed.²³ Intriago’s attorney, did, however, submit a letter on behalf of Intriago to the Committee, stating in part:

Mr. Intriago is not a government official. He has never held a high elected or appointive government position. He has never been an employee of, or consultant to, the Democratic National Committee. He is not a “friend” or “associate” of the President, the Vice President, or any other high ranking Democratic Party official. He has not applied for, been interviewed for or considered for a government job. He has never had or sought a government contract. Mr. Intriago simply is a respected private lawyer with a previously unblemished record of conduct.²⁴

This statement, is at best, misleading. According to DNC documents obtained by the Committee, Intriago is listed as an “applicant” for a federal appointment. The documents indicate that he was involved in the 1992 Florida Presidential campaign, and that the recommendation was forwarded on December 16, 1992.²⁵ It indicates his “JOB PREF./AREA OF INTEREST” as “LEGL,” likely indicating a legal job preference. It indicates his “AGENCY/DEPARTMENT PREFERENCE” as “Just,” likely indicating the Department of Justice.²⁶ The notation also indicates under the title “Job Level”, the initials “SL,” indicating a senior level position.²⁷

Similarly, the contention that Intriago has never been a “high government official” understates his actual employment history. He was a senior congressional staff member early in his career, and served as a Special Assistant to the Governor of Florida, playing a major role in the development of that state’s racketeering laws. He also served as an Assistant United States Attorney in Florida.

Mr. Intriago’s name also is listed in another DNC document which is a compilation of recommendations for a delegation to attend the 1994 Salvadoran election. Intriago’s name is first on the list which also includes such dignitaries as Secretary of Energy Bill Richardson, then Mayor of Albuquerque Martin Chavez, and prominent DNC donor

²¹ Interview of Jorge Castro Barredo on September 15, 1998.

²² *Id.*

²³ Deposition of Charles A. Intriago, February 20, 1998 (“Intriago Deposition”).

²⁴ Castro Hearing at 36 (Statement by Robert Plotkin, Counsel for Charles Intriago).

²⁵ See DNC Document 076440, a review of applicants for political appointments by the newly elected Clinton Administration (Exhibit 2).

²⁶ *Id.*

²⁷ *Id.*

Walter Kaye.²⁸ The Committee also obtained a letter dated December 2, 1992, from Intriago to then DNC Chairman Ron Brown addressed “Dear Ron,” and stating:

Just a brief note to tell you that I enjoyed meeting you during the campaign in Little Rock and Middleburg. Apparently, I am now a “trustee” of the DNC and am looking forward to assisting you in any way I can.

So that you will know a little more about me, I enclose a couple of recent issues of my publication, Money Laundering Alert, together with some background information. I think this is an issue on which President Clinton can make some headway in dealing with the drug and white collar crime problems.²⁹

II. CASTRO’S ILLEGAL CONTRIBUTIONS

On September 15, 1992, Charles Intriago called Jorge Castro Barredo at his office in the Dominican Republic, and asked him to make several contributions to the DNC.³⁰ Castro Barredo recalls that Intriago said either that “we are going to make some contributions to Clinton’s campaign,” or that “your grandfather wants to make contributions to Clinton’s campaign.”³¹ Intriago told Castro Barredo that he and his uncle, Rafael Castro, should make the contributions, because they were U.S. citizens.³² At this point, Castro Barredo told Intriago that Rafael did not have a bank account, but that Rafael’s wife, Maria Sire Castro, had a bank account, and was a U.S. citizen.³³ Intriago then told Castro Barredo that he should write one check to the DNC for \$20,000, and another check to the Ohio State Democratic party for \$5,000.³⁴ Intriago also told Castro Barredo to have Maria Castro write a check for \$20,000 to the DNC, and a check for \$5,000 to the Maryland State Democratic Party.³⁵ After Castro Barredo’s telephone conversation with Intriago, he requested that uncle have his aunt draft the two checks that Intriago had requested.³⁶

Castro Barredo was slightly confused, however, by Intriago’s instructions, and he asked Intriago to send a fax with written instructions for how to draft the checks.³⁷

²⁸ Memorandum from Martha Phipps to Dana Wyckoff, February 23, 1994 (Exhibit 3).

²⁹ Letter from Charles Intriago to Ron Brown, December 2, 1992 (Exhibit 4).

³⁰ Castro Hearing at 13.

³¹ Castro Interview I.

³² *Id.*

³³ *Id.*

³⁴ *Id.*; see Checks of Jorge Castro Barredo to Ohio Victory Fund, DNC Victory Fund ’92, and Kentucky Democratic Party (Exhibit 5).

³⁵ *Id.*; see Check of Maria Sire Castro to DNC Victory Fund (Exhibit 6); Check of Maria Sire Castro to Maryland Victory Fund (Exhibit 7).

³⁶ *Id.*

³⁷ *Id.*

Castro Barredo received the fax the following day. On the fax, Intriago listed out each contribution that Castro Barredo and Maria Castro were supposed to make. At the bottom of the fax, Intriago wrote in Spanish: “I want you to send me these today by Federal Express.”³⁸

At the time that he made the contributions, Castro Barredo knew that he and his aunt would be reimbursed.³⁹ Castro Barredo had no interest in politics, had never voted, and had no interest in giving \$25,000 to support any political party.⁴⁰ Most importantly, during their telephone conversation about the contributions, Intriago assured Castro Barredo that he and his aunt would be reimbursed by “one of his grandfather’s companies.”⁴¹

Several days after Castro Barredo sent the requested checks to Intriago, Intriago called him and requested that he send a new check. Intriago told Castro Barredo that he was not going to use the \$5,000 check Castro Barredo had written to the Ohio state party, and instead, asked Castro Barredo to write a new \$5,000 check to the Kentucky State Democratic Party.⁴² On September 29, Castro Barredo did so, and sent the check to Intriago. However, days later, Intriago called again, and told Castro Barredo that he would not use the Kentucky check, and instead, asked Castro Barredo to draft a \$5,000 check to the Florida Democratic Party.⁴³ Castro Barredo, exasperated, asked why he had to keep writing new checks.⁴⁴ Intriago responded “that’s the way they want it.”⁴⁵ Castro Barredo did not ask for any further explanation, and sent the requested check to Intriago.

On September 24, 1992, Castro Barredo received a wire transfer to his account for \$24,990.⁴⁶ Records indicate that the wire transfer came from Inversiones Latinfin, a company owned by Orlando Castro Llanes.⁴⁷ Castro Barredo testified that Inversiones Latinfin does no business in the United States.

A. The Castros’ Red Carpet Treatment

After his family contributed \$50,000 to the Democratic Party, Castro Llanes received red carpet treatment from the Clinton Administration over the coming year. Immediately after Bill Clinton’s election in 1992, Castro Llanes told Castro Barredo that

³⁸ See Committee Exhibit of fax cover sheet (Exhibit 8); see also Fax Message from Charles Intriago to Jorge Castro, September 16, 1992 (original) (Exhibit 9).

³⁹ Castro Hearing at 12-13 (Testimony of Jorge Castro Barredo).

⁴⁰ Castro Hearing at 12.

⁴¹ Castro Hearing at 12-13.

⁴² Castro Interview I; see Exhibit 6.

⁴³ *Id.*; see Check from Jorge Castro Barredo to Florida Democratic Party (Exhibit 10).

⁴⁴ Castro Hearing at 26.

⁴⁵ *Id.*

⁴⁶ See Account Statement of Jorge F. Castro, International Bank of Miami, September 1992 (Exhibit 11); Wire Transfer Information, Nationsbank, September 24, 1992 (Exhibit 12).

⁴⁷ Wire Transfer Statements (Exhibits 13-14). See also Trust Statement for Banco Industrial de Venezuela (listing Inversiones Latinfin as one of Orlando Castro Llanes’ companies).

they were hopeful that Intriago would be appointed as ambassador to Venezuela.⁴⁸ While this goal did not come to fruition, Intriago did give the Castro family increased access to Washington, D.C., after President Clinton's election.

Castro Llanes, Intriago and Castro Barredo all attended the January 1993 inauguration of President Clinton.⁴⁹ In October 1993, Castro Llanes, Intriago, Castro Barredo and Castro Castro returned to the United States. The first day that the group was in Washington, Castro Llanes and Intriago went to the White House for a reception for DNC donors.⁵⁰ At this event, Castro Llanes had a picture taken with President Clinton.⁵¹ Castro Barredo was not invited to this event, even though it was he, not Castro Llanes, who had contributed \$25,000 to the DNC.

The following day, the Castro group traveled to the State Department, where they met with State Department officials Perry Ball and Monica Adler.⁵² It was Castro Barredo's understanding that Intriago had set up the meeting at the State Department.⁵³ The purpose of the meeting was to discuss the ongoing investigations of the Castro family and the various allegations that had been leveled against the family about money laundering.⁵⁴

B. Intriago's Ties to the Democratic Party

Intriago himself made over \$52,000 in contributions to the DNC during the 1992 election cycle. These include contributions to the Democratic State Central Committee of Maryland, the Democratic Congressional Campaign Committee ("DCCC"), the DNC, the Colorado Democratic Party, Senator Tom Harkin, the Illinois Democratic Party, the Nebraska Democratic Future Fund Committee, and the Ohio Democratic Party.⁵⁵ After raising more than \$10,000 at a Miami dinner honoring Vice President Gore in 1993, Intriago became a member of the DNC's Business Leadership Forum.⁵⁶

In the course of attending various DNC fundraising events, Intriago had the opportunity to come into close contact with other members of the DNC's elite. One of the most important of these was Charles "Bud" Stack, a DNC Trustee, who, along with Intriago was a major donor to an April 29, 1993, dinner honoring Vice President Gore. Intriago received help from Stack in arranging a meeting between Castro Llanes and

⁴⁸ Castro Interview I at 4.

⁴⁹ Castro Hearing at 29.

⁵⁰ Castro Hearing at 29-31.

⁵¹ Photograph of Orlando Castro Llanes and President Clinton, October 14, 1993 (Exhibit 15). A set of photos of Charles Intriago and Orlando Castro Llanes were sent to Intriago by the DNC. See Letter from Eric Sildon to Charles Intriago, June 21, 1995 (Exhibit 16).

⁵² Castro Interview I.

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ See FEC website, www.tray.com/fecinfo.

⁵⁶ See Memorandum from Team Florida to Nancy Jacobson, Laura Hartigan, Jan Hearst, Sam Newman, May 7, 1993 (Exhibit 17).

President Clinton.⁵⁷ Intriago became a DNC Trustee in 1992, evidenced by a letter written by Intriago on December 2, 1992.⁵⁸

III. THE NEW YORK DISTRICT ATTORNEY'S INVESTIGATION

In December 1994, the Latin American banking community was rocked by the collapse of three major financial institutions, the Banco Progreso in Venezuela, the Banco Progreso Internacional de Puerto Rico, and the Banco Latinamericano in the Dominican Republic. These institutions were all part of Grupo Impresas Latinoamericanas, Orlando Castro Llanes' financial empire.⁵⁹ Following the collapse of these financial institutions, the New York District Attorney's office initiated an investigation into possible violations of banking law by the Castro family.⁶⁰ In the course of the investigation, an Assistant District Attorney and several investigators were granted permission to examine the files of the Banco Latinamericano in Santo Domingo, one of the Castro family banks. Banco Latinamericano's president was Jorge Castro Barredo, Castro Llanes' grandson.⁶¹

While conducting their search, the New York investigators discovered a number of documents in the office of Castro Barredo's secretary, including the fax dated September 16, 1992, from Intriago instructing Castro Barredo to make conduit contributions. The New York investigators also discovered copies of checks showing Castro Barredo's contributions to the Democratic Party.⁶²

Later, upon their return to New York, the District Attorney's office subpoenaed a number of bank records including those of Jorge Castro Barredo and Maria Sire Castro. The bank records showed that both of the \$20,000 checks to the DNC Victory Fund 1992 Federal Account had been cashed, but that Castro Barredo's first two state party checks had not been cashed. They did confirm, though, that Castro Barredo's \$5,000 check made out to the Florida Democratic Party had been cashed.⁶³ More importantly, the records showed that on September 24, 1992 — just eight days after the fax — both Jorge Castro Barredo and Maria Sire Castro received wire transfers to each of their accounts in the amount of \$24,990.⁶⁴ Taken together, these documents support the assertion that an illicit transaction consisting of a conduit contribution reimbursed by a non-U.S. entity took place.

IV. THE JUSTICE DEPARTMENT'S HANDLING OF THE CASTRO CASE

⁵⁷ Truell, Peter, "Too Close For Comfort," *The New York Times*, April 4, 1996.

⁵⁸ Exhibit 5.

⁵⁹ Kindler-Dawson Interview.

⁶⁰ Kindler-Dawson Interview.

⁶¹ Castro Hearing at 75 (Testimony of Joseph J. Dawson); *see also* Kindler-Dawson Interview.

⁶² *See* Exhibits 5-7.

⁶³ *See* Exhibit 10.

⁶⁴ *See* Wire transfer documents (Exhibits 13-14).

The New York District Attorney's Office had uncovered convincing evidence of a serious violation of federal campaign law, and they decided to refer the matter to federal prosecutors. Since most of the criminal acts involved in the case had occurred in Miami, the District Attorney's office referred the matter to the federal prosecutors in the Southern District of Florida. In the referral letter, Assistant District Attorney John Moscow wrote to Richard Gregorie, Senior Litigation Counsel in the U.S. Attorney's office in Miami, to inform him of what had been discovered:

[T]he checks and wire transfer relate to a series of violations of the laws relating to campaign financing. That is, two people sent \$25,000 each to a political party and received reimbursement for those political contributions from an off-shore company.⁶⁵

Mr. Moscow also forwarded copies of the documents which had been obtained in the course of the bank fraud investigation. At this same point in time, the District Attorney's office also referred another aspect of the Castro investigation, involving customs law violations, to federal prosecutors in the Southern District of New York.

Mr. Moscow followed up on the letter by meeting with Gregorie in Miami on October 17, 1996.⁶⁶ Further follow-up to this meeting took the form of two letters sent to the Miami Assistant U.S. Attorney on October 28, 1996, and October 29, 1996.⁶⁷ On February 24, 1997, two additional packets of documents were forwarded to Miami by the New York District Attorney. These packets included:

- The fax from Alert International discovered in Santo Domingo.
- Copies of checks issued by Jorge Castro Barredo and Maria Sire Castro to DNC "Victory Funds."
- A wire transfer document showing that on September 13, 1994, Castro Barredo sent Intriago \$100,000.
- Two canceled checks issued by Castro Barredo, one for \$20,000 to the DNC Victory Fund '92 Federal Account and one for \$5,000 to the Florida Democratic Party Federal Account.
- Account statements from the International Bank of Miami N.A. for the account of Jorge Castro Barredo showing the checks were cashed.

⁶⁵ Letter from John W. Moscow to Richard Gregorie, October 9, 1996 (Exhibit 18).

⁶⁶ Castro Hearing at 77 (Testimony of Joseph J. Dawson).

⁶⁷ Letters from John W. Moscow to Richard Gregorie, October 28, 1996 (Exhibit 19) and October 29, 1996 (Exhibit 20).

- Two canceled checks issued by Maria Castro, one in the amount of \$20,000 to the “DNC Victory Fund 1992 Federal Account” and one for \$5,000 to the Maryland Democratic Party Federal Account.
- The NationsBank account statements for Maria Sire Castro showing that the check was cashed.
- Wire transfer documents showing that \$25,000 was wired to both Jorge Castro Barredo and Maria Sire Castro from Banco Latino by order of Inversiones Latinfin on September 24, 1996.
- Shareholder documents showing that Inversiones Latinfin was owned by Castro Llanes.⁶⁸

On March 11, 1997, Joseph Dawson of the New York District Attorney’s office spoke with a Miami federal prosecutor and discussed the issue of the statute of limitations for prosecuting the campaign law case against Castro. The prosecutors agreed that since the fax transmission occurred and the checks were written in the fall of 1992, the statute would expire in the fall of 1997.⁶⁹

A. Castro Cooperates

At the same time that the New York District Attorney’s office was discussing the conduit contributions case with the Miami U.S. Attorney’s office, they were also holding discussions about obtaining Jorge Castro Barredo’s cooperation. Castro Barredo had been convicted, along with his grandfather and uncle, on February 19, 1997. An agreement was ultimately reached, and Jorge Castro Barredo agreed to be debriefed by the New York District Attorney’s office.⁷⁰

The debriefings took place on March 20, 1997 and April 3, 1997. In the course of the debriefings, Castro Barredo stated that he made contributions of \$20,000 to the DNC, and \$5,000 to a state Democratic party at Intriago’s instructions, and that he was reimbursed for the contribution by one of his grandfather’s companies.⁷¹ According to Castro Barredo, Maria Sire Castro also made a \$20,000 contribution to the DNC and a \$5,000 contribution to a state Democratic party at Charles Intriago’s direction, and was similarly reimbursed by Castro Llanes.⁷² Castro shared with the prosecutors the entire story of how he had come to contribute to the Democratic Party, how he had been reimbursed, and what the family had received for the contributions. The testimony given by Castro to the prosecutors was the same that he gave the Committee in interviews, and

⁶⁸ Letter from John W. Moscow to Richard Gregory Esq. (*sic*), February 24, 1997 (Exhibit 21).

⁶⁹ *Id.*

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² *Id.*

in its hearing.⁷³ In the Committee's hearing, the District Attorney working on the case confirmed that Castro was truthful throughout interviews and debriefings with their office:

Counsel: Has Mr. Castro ever told you anything about conduit contributions that has later proven to be false?

Mr. Preiss: No.⁷⁴

Following the debriefing of Castro Barredo by the New York prosecutors, they arranged for Castro Barredo to meet with federal prosecutors on May 28, 1997.⁷⁵ Just prior to the meeting, Preiss spoke with Assistant U.S. Attorney Bruce Udolf from the U.S. Attorney's office in the Southern District of Florida and again expressed his concern over the potential statute of limitations problem.⁷⁶ They agreed that the likely statute of limitations for a prosecution relating to the Castro contribution expired on September 16, 1997, or five years from the date of Intrigo's fax to Castro Barredo.⁷⁷ Roughly one week after Castro Barredo talked with the federal prosecutors, a federal prosecutor in Miami called Preiss, thanking him for the cooperation and courtesy provided by the New York District Attorney's office.⁷⁸ He also stated that his office intended to pursue the matter, and that its investigation could be completed before the statute of limitations expired.⁷⁹

B. The Castro Case is Taken by the Public Integrity Section

In late June or early July 1997, Preiss received a phone call from Castro Barredo's attorney, Marc Nurik, stating that the Justice Department's Public Integrity Section had taken the Castro case away from the prosecutors in the Southern District of Florida.⁸⁰ Nurik said that he had spoken with the head of the Justice Department's Public Integrity Section, Lee Radek, and was concerned that Radek had nothing substantive to say about the Justice Department's plans for the case.⁸¹ Nurik feared that the Justice Department would allow the statute of limitations to expire, leaving his client with nothing to show for his cooperation.⁸²

After confirming that the case had been transferred, Preiss attempted to speak to Lee Radek. Preiss spoke with Radek's assistant, but the assistant refused to put Preiss through unless he had a "referral number" for the case.⁸³ Preiss then asked that whoever

⁷³ Castro Hearing at 82.

⁷⁴ *Id.* at 82 (Testimony of Richard T. Preiss).

⁷⁵ *Id.* at 79 (Testimony of Richard T. Preiss).

⁷⁶ *Id.*; *see also* Kindler-Dawson Interview.

⁷⁷ Interview of Richard Preiss and Joseph Dawson, January 19, 1998 ("Preiss-Dawson Interview") at 1.

⁷⁸ Castro Hearing at pp. 79-80.

⁷⁹ *Id.*

⁸⁰ Preiss-Dawson Interview.

⁸¹ *Id.*

⁸² *Id.*

⁸³ *Id.*

was handling the case contact him.⁸⁴ An exchange between the Committee Counsel and Mr. Preiss concerning his attempts to contact Radek raises serious questions about the responsiveness of the Justice Department to the apparent violation of law which was connected to a DNC trustee:

Counsel: Now, Mr. Preiss, did you try and have a conversation with Mr. Radek?

Mr. Preiss: Yes.

Counsel: What was the result?

Mr. Preiss: I was not put through to him.

Counsel: Now, it's my understanding - correct me if I'm wrong - that you were told that Mr. Radek would not speak to anyone unless they had a referral number for the case, correct?

Mr. Preiss: That's correct.

Counsel: And do you know whether Mr. Castro's lawyer had such a referral number?

Mr. Preiss: If he did, he didn't give it to me.

Counsel: Did anybody ever give you a referral number for this case?

Mr. Preiss: No, I don't think we were ever given a referral number. I don't think anybody had a referral number. Maybe there was a referral number inside the Department of Justice, but, again I wouldn't be privy to that, so I don't know.

Counsel: Right, but Mr. Castro's attorney was not an employee of the Department of Justice, so he had the same status as you.

Mr. Preiss: No he was not an employee of the Department of Justice.

Counsel: OK. And I don't know whether this is a question you can answer or not, but were you concerned at the time that Mr. Castro's attorney was given more attentive treatment at the highest levels of the Department of Justice than you?

⁸⁴ Castro Hearing at 88-89 (Testimony of Richard T. Preiss).

Mr. Preiss: Well, I thought at the time, I think I said in the conversation that I couldn't understand why the defense attorney's phone call could be taken the day before, but mine couldn't be and I was the prosecutor and he was the defense lawyer. I think that's what I said to the person who answered the phone.⁸⁵

The willingness of Mr. Radek to accept a phone call from a defense attorney and at the same time refuse to accept a phone call from a New York Assistant District Attorney who referred the case is curious. At the same time, however, it is not the most troubling aspect of the case. Of particular concern is the decision of Justice Department officials in Washington to ignore evidence which strongly suggests that not only was an illegal conduit contribution made, but that it was made in close coordination with a prominent Democratic contributor who is a lawyer and who was getting directions from another unknown party.

C. The Castro Case Dies

Roughly one week later, Preiss was called by Peter Ainsworth, a trial attorney from the Justice Department's Campaign Finance Task Force. Ainsworth told Preiss that he was handling the Castro case, and had in his possession the notes and documents from the meeting the other federal prosecutors had had with Castro Barredo.⁸⁶ Preiss offered to make Castro Barredo available for an interview, and stated that he was willing to request a sentencing delay if necessary. The attorney told Preiss that he did not want to speak with Castro Barredo, but did want to speak with the New York prosecutors and to review some documents.⁸⁷

On July 23, 1997, Ainsworth came to New York accompanied by an FBI agent, spoke with the New York prosecutors, reviewed the documents which corroborated Castro Barredo's testimony, and took with him photocopies of some of the documents.⁸⁸ At this meeting, Preiss and Dawson told Ainsworth that they were willing to delay Castro Barredo's sentencing pending the Justice Department's review of Castro Barredo's contributions.⁸⁹ The New York District Attorneys recommended the delay in sentencing so that Castro Barredo would continue to have an incentive to cooperate. Requesting such a delay in sentencing was the standard prosecutorial practice that they had followed in the past.⁹⁰ In addition, while Ainsworth was at their office, Preiss and Dawson both reminded Ainsworth that the statute of limitations on the Castro case likely expired on September 16, 1997.⁹¹

⁸⁵ *Id.* at 89 (Testimony of Richard T. Preiss).

⁸⁶ Preiss-Dawson Interview.

⁸⁷ Castro Hearing at 80 (Testimony of Richard T. Preiss).

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ Castro Hearing at 103-04.

⁹¹ Preiss-Dawson Interview.

The following month, the New York prosecutors asked for and received a stay in Castro Barredo's sentencing.⁹² On August 19, 1997, and then again on September 23, 1997, the New York District Attorney's office requested delays in Castro Barredo's sentencing.⁹³ Preiss also provided additional information to Ainsworth after Castro Barredo's sentencing was delayed.⁹⁴ In his letter to Ainsworth, Preiss again asked that the Justice Department let him know what their plans were concerning this case.⁹⁵

After returning from a vacation in late September 1997, Preiss called the Task Force attorney several times to find out what the status of the case was.⁹⁶ He was concerned that the perceived September 16 deadline would pass without any action from the Justice Department.⁹⁷ Eventually, he received a voice mail message thanking him for his patience. Despite the lack of response from the Justice Department, the New York District Attorney again requested that sentencing be delayed once more, and it was, this time until October 20, 1997.⁹⁸

Preiss wrote to Ainsworth again on October 10, 1997, stating:

Jorge Castro Barredo is currently scheduled to be sentenced on October 20, 1997. We referred a matter to the Department of Justice in late 1996 and Castro Barredo is a witness who has been interviewed by representatives of the Department of Justice in connection with an investigation of Charles A. Intrigo.⁹⁹

Please advise us whether the Department of Justice intends to make any submissions regarding Castro Barredo's cooperation or lack of cooperation in your investigation and send us a copy before October 20, 1997. If you wish us to request a delay in the sentencing of Castro Barredo, please advise us immediately how long a delay you would like us to request and the basis for the delay in order that we may convey that information to the court.¹⁰⁰

A week later, Castro Barredo's attorney called Preiss, stating that he had received a copy of a letter from Lee Radek, chief of the Justice Department's Public Integrity Section to Preiss advising him that the Department would neither be asking for a further

⁹² Castro Hearing at 80.

⁹³ *Id.*

⁹⁴ Letter from Richard T. Preiss to Peter Ainsworth, September 4, 1997 (Exhibit 22).

⁹⁵ *Id.*

⁹⁶ Preiss-Dawson Interview.

⁹⁷ *Id.*

⁹⁸ Castro Hearing at 81 (Testimony of Richard T. Preiss).

⁹⁹ Letter from Richard Preiss to Peter Ainsworth, October 10, 1997 (Exhibit 23).

¹⁰⁰ *Id.*

postponement of Castro Barredo's sentence, nor submitting a letter on his behalf. In the letter, Radek stated:

[W]e have concluded that there is at this time no further role for him [Castro Barredo] to play in matters under investigation by the Task Force.¹⁰¹

Castro Barredo was sentenced on December 15, 1997, to between three and a half to ten and one half years in prison on bank fraud charges. No charges have ever been filed against Charles Intriago by the Justice Department. When he was called to testify by the Committee, Mr. Intriago invoked his Fifth Amendment rights.¹⁰²

The frustration of the New York District Attorney's office with the Justice Department was clear from the testimony of Preiss and Dawson before the Committee. In fact, at one point during their dealings with the Justice Department, the District Attorney's office considered taking the Castro case back from the Justice Department. Mr. Dawson testified to this fact before the Committee:

Counsel: Just one last question, and I'll address this to you, Mr. Dawson. Did you at any time have great enough concerns that you discussed or contemplated trying to take the case back and have your own office do something with the conduit contributions case?

Mr. Dawson: Yes, we had conversations about it.

Mr. Burton: Let me followup on that. When you had conversations about it, were those conversations involving Mr. Intriago?

Mr. Dawson: Well, I'm reluctant to answer the question only because it involves questions between – I mean conversations between Assistant District Attorneys in our office, and the question whether to basically take back a matter that had already been referred is sort of a touchy area.¹⁰³

CONCLUSION

The Castro case represents one small episode in a large pattern of illegal campaign contributions in the 1992 and 1996 elections. However, the Castro case stands out from the others for the way it was so obviously mishandled by the Justice Department. The Justice Department was presented with clear evidence that a major DNC fundraiser was

¹⁰¹ Memorandum from Marc S. Nurik to Richard T. Preiss with attached letter from Lee J. Radek, October 17, 1997 (Exhibit 24).

¹⁰² See Intriago Deposition.

¹⁰³ Castro Hearing at 107.

involved in directing conduit contributions to the DNC. Moreover, they had evidence that Mr. Intriago was receiving guidance on how to direct those contributions from some higher authority, presumably within the Democratic Party. Inexplicably, the Justice Department failed to pursue this case, and let the statute of limitations on the case expire, effectively preventing anyone else from pursuing it.

A key point in the testimony of the New York District Attorneys, Dawson and Preiss, came during an exchange with Chairman Burton:

Mr. Burton: You thought Mr. Intriago should have been investigated?

Mr. Dawson: That the matter should have been investigated.

Mr. Preiss: We thought the matter should have been investigated.

Mr. Burton: Including Mr. Intriago.

Mr. Dawson: Well, to be honest with you Mr. Chairman, we had already looked into some of Mr. Intriago's transactions ourselves, and we had referred all of this stuff. So, I guess it's no secret that this was among, I suppose, that he would be among the matters we had referred.

Mr. Burton: You thought it was worth them looking at.

Mr. Preiss: Absolutely, that's why we referred it.¹⁰⁴

The investigation into the illegal conduit contributions of the Castro family leaves many unanswered questions. Among the most pressing unresolved issues are:

- The role Charles Intriago played in funneling illegal conduit contributions to the DNC and its various state affiliates.
- The possibility that the solicitation of such contributions was coordinated with senior officials of the DNC.
- The circumstances surrounding the transfer of the Castro family case from the Southern District of Florida to the Justice Department's Public Integrity Section.
- Why the Justice Department chose not to prosecute a case where there was clear and compelling evidence to show that several crimes had been committed.

¹⁰⁴ *Id.* at 88 (Testimony of Joseph J. Dawson and Richard T. Preiss).

- Why the FEC failed to act on the clear evidence of election law violations presented in the Castro family case.
- Why, for more than two months, the Attorney General has denied the request of the Committee to interview Richard Gregorie, the Assistant U.S. Attorney involved in the investigation of the Castro case before it was taken away by the Public Integrity Section. Gregorie likely has detailed information about the reasons that the Castro case was taken to Public Integrity, but the Attorney general has never responded to multiple requests made by the Chairman to interview Mr. Gregorie.

It is the opinion of the Committee that the Public Integrity Section of the Department of Justice was derelict in its duty to pursue clear evidence of crimes including wire fraud, mail fraud, conspiracy and campaign finance violations related to the Castro case. The Justice Department's failure to act on this case prevented the American people from learning the truth about illegal campaign fundraising activities going back to the 1992 presidential election. The Committee was able to uncover only part of the truth, the story of how Jorge Castro and his aunt made \$50,000 in illegal contributions to the DNC. However, there are two more critical questions that the Committee has been unable to answer: why did the Castro family make the contributions, and who was telling Charles Intriago how to direct these contributions? These are facts that could have been discovered by a timely prosecution of Charles Intriago. However, because of the Justice Department's malfeasance in the Castro case, the truth may never be discovered.